



Miami-Dade County Board of County Commissioners

Office of the Commission Auditor

Legislative Analysis

Infrastructure and Land Use Committee

February 14, 2006
9:30 AM
Commission Chamber

Charles Anderson, CPA
Commission Auditor

111 NW First Street, Suite 1030
Miami, Florida 33128
305-375-4354

**Miami-Dade County Board of County Commissioners
Office of the Commission Auditor**

Legislative Analysis

**Infrastructure and Land Use Committee
Meeting Agenda
February 14, 2006**

Written analyses for the below listed items are attached for your consideration in this Legislative Analysis.

Item Number(s)

2P, 2Q, and Supp. 2Q

Additional Information

2N	3E
----	----

If you require further analysis of these or any other agenda items, please contact Guillermo Cuadra Esq., Chief Legislative Analyst, at (305) 375-5469.

Acknowledgements--Analyses prepared by:

Mia Marin, Legislative Analyst
Elizabeth Owens, Legislative Analyst
Troy D. Wallace, J.D., Legislative Analyst

LEGISLATIVE ANALYSIS

Item 2P: ***RESOLUTION RECOMMENDING ADDITIONAL
CONSIDERATION FOR WHOLESALE CUSTOMERS OF
THE MIAMI-DADE WATER AND SEWER DEPARTMENT TO
CONTINUE TO PAY AT PREVIOUS RATES***

- *(Important to note this is a companion item of INLUC Item 2Q and Supp.2Q)*

Item 2Q: ***ORDINANCE AMENDING ORDINANCE 05-17; APPROVING
REVISED FEES AND CHARGES FOR WHOLESALE
CUSTOMERS; AMENDING THE ADMINISTRATIVE ORDER; AND
PROVIDING AN EFFECTIVE DATE***

Item Supp.2Q: ***SUPPLEMENTAL INFORMATION RELATED TO AMENDING
ORDINANCE 05-17; APPROVING REVISED FEES AND
CHARGES FOR WHOLESALE CUSTOMER; AMENDING THE
ADMINISTRATIVE ORDER; AND PROVIDING AN
EFFECTIVE DATE***

Water and Sewer Department

I. SUMMARY

Item 2P: This resolution allows additional consideration for Wholesale Customers of the Miami-Dade Water and Sewer Department by permitting them to continue to pay at Previous Rates and by deferring the implementation of the Revised Rates until the end of the Fiscal Year (FY) 2006-2007.

- *(Important to note this is a companion item of INLUC Item 2Q and Supp.2Q)*

Item 2Q: This ordinance approves the Revised Rates for WASD Wholesale Customers established by the Office of Strategic Business Management (OSBM), Miami-Dade Water and Sewer Department, and the Bond Consultant Engineers.

II. PRESENT SITUATION

- Miami-Dade County's Water and Sewer Department (WASD) currently provides service to 19 Wholesale Customers (Homestead Air Force Base and 18 municipalities within Miami-Dade County).

INLUC ITEM 2P, 2Q, & Supp.2Q
February 14, 2006

- Miami-Dade County's Water & Sewer Department Wholesale Customers are:
 - 1) Bal Harbour (w)
 - 2) Bay Harbor Islands (w)
 - 3) Coral Gables (s)
 - 4) Florida City (s)
 - 5) Hialeah (*)
 - 6) Hialeah Gardens (*)
 - 7) Homestead (s)
 - 8) Homestead Air Force Base (s)
 - 9) Indian Creek Village (w)
 - 10) Medley (*)
 - 11) Miami Beach (*)
 - 12) Miami Springs (*)
 - 13) North Miami (*)
 - 14) North Miami Beach (*)
 - 15) North Bay Village (*)
 - 16) Opa-Locka (*)
 - 17) Surfside (w)
 - 18) Virginia Gardens (w)
 - 19) West Miami (*)

Legend: (w) =Water (s) =Sewer (*) =Both (Water and Sewer Services)

- Several meetings have taking place between the Office of Strategic Business Management, the Water and Sewer Department, and representatives of the Wholesale Customers, at the request of the BCC during the final budget public hearing on September 22, 2005.

III. POLICY CHANGE AND IMPLICATION

- WASD's Wholesale Customers have requested that the County prolong the previous rates for the current year to assist in the transition to the next rate change.
- WASD's Wholesale Customers have asked for a method to better forecast and project future rate changes to prevent the unforeseen fiscal impact of a drastic annual increase.
- To diminish the unforeseen fiscal impact of annual increases to water and sewer rates, WASD and their wholesalers have come together and agreed to participate in annual reviews of the development of the wholesale rates. The annual reviews will provide an opportunity for WASD and their Wholesale Customers to meet prior to rate adjustments to review current rates and discuss factors that may drive rate adjustments. The annual reviews will allow Wholesale Clients the opportunity to provide input. It will also allow

INLUC ITEM 2P, 2Q, & Supp.2Q
February 14, 2006

the WASD the opportunity to provide their wholesale clientele advanced notice and explanation of rate adjustments.

- After further review, of the existing rate model used to develop the wholesale rates that were approved by the BCC (in September 2005), OSBM, WASD, and the independent bond consultant engineers have determined that the Approved Rates are outdated. OSBM, WASD, and the bond consultants believe the Approved Rates could be improved to adequately reflect and justify the costs charged to the Wholesale Customers.
- The Revised Rates take into consideration the need to increase rates, however, at a lesser amount than the Approved Rates recommended and approved by the BCC in September 2005. WASD has subsequently analyzed various factors and numbers to recommend a revised rate.
- The passage of 2P, 2Q and Supp. 2Q would ultimately allow the current WASD Wholesale Customers the opportunity to continue to pay the Previous Rates for the period of January through September 2006 and to defer payment of the difference between Previous Rates and Revised Rates. WASD will recover the difference between rates charged from October 1, 2005 through December 31, 2005 and the recommended Revised Rates beginning in October 2006. The deferred payment will be recovered over a three (3) year period or 36 months at a pro rata charge of 1/36 beginning October 1, 2006 and ending September 30, 2009.

IV. ECONOMIC IMPACT

- Previous Rates: (Wholesale Customer rates from October 1, 2003 – January 2006.)
 - Water Rates : Hialeah and Miami Springs: **.72**
All other Cities pay: **.85**
 - Sewer Rates: Wet Season: **1.90**
Dry Season: **1.50**
- BCC Approved Rates:
 - Water Rates : Hialeah and Miami Springs: **1.02**
All other Cities pay: **1.19**
 - Sewer Rates: Wet Season: **2.18**
Dry Season: **1.78**
- Revised Rates: (Adjustments proposed by *Item 2Q*):

INLUC ITEM 2P, 2Q, & Supp.2Q
February 14, 2006

- **Water Rates** : Hialeah and Miami Springs: **.97**
 All other Cities pay: **1.10**

- **Sewer Rates**: Wet Season: **1.95**
 Dry Season: **1.52**

IV. COMMENTS AND QUESTIONS

(The tables have been provided by the WASD.)

- Attachment 1: **Miami-Dade Water & Sewer Department : Wholesale Customers Usage and Billing Summary for FY 2004-2005**

- Attachment 2: **Table of the Miami-Dade County Water & Sewer Dept. Wholesale Rates and Percentage Changes for the last 10 years.**

**MIAMI DADE WATER AND SEWER DEPARTMENT
WHOLESALE CUSTOMERS
USAGE AND BILLING SUMMARY FY 2004-05
SEWER**

	<u>Billed Flows*</u>	<u>Billed Amount</u>
City of Hialeah	10,955,417	\$18,754,008
City of Miami Beach	8,720,617	14,905,341
City of North Miami	4,079,978	6,971,249
City of Coral Gables	1,955,924	3,327,162
City of Miami Springs	1,422,175	2,426,459
City of North Miami Beach	812,187	1,413,545
City of Opa-Locka	783,480	1,365,007
City of Medley	666,534	1,165,901
Florida City	419,855	731,092
Homestead Air Force Base	236,074	418,008
West Miami	176,490	304,541
Hialeah Gardens	542,188	946,552
City of Homestead	162,312	468,308
Total	<u><u>30,933,231</u></u>	<u><u>\$53,197,173</u></u>

Note:

* Billed Flows in thousands of gallons

Miami-Dade Water & Sewer Department
Water and Sewer Wholesale Rates
And Percentage Changes
(All Rates per 1,000 Gallons)

Effective Date	Water				Sewer			
	Hialeah Miami Springs Rate	Percent Change	North Miami N. Miami Bch. Rate	Percent Change	All Others Rate	Percent Change	Monthly Base Fee	Average Rate Percent Change
10/1/1996	\$0.6301	N/A	\$0.7352	N/A	\$0.6688	N/A	\$4.04	N/A
10/1/1997	(1) \$0.6831	5.24%	\$0.8501	15.63%	\$0.7693	15.03%	\$4.24	4.95%
10/1/1998	(2) \$0.6631	0.00%	\$0.8501	0.00%	\$0.7693	0.00%	\$4.24	0.00%
10/1/1999	(2) \$0.6631	0.00%	\$0.8501	0.00%	\$0.7693	0.00%	\$4.24	0.00%
10/1/2000	(2, 3) \$0.6631	0.00%	\$0.7693	-9.50%	\$0.7693	0.00%	\$4.24	0.00%
10/1/2001	(2) \$0.6631	0.00%	\$0.7693	0.00%	\$0.7693	0.00%	\$4.24	0.00%
10/1/2002	(2) \$0.6631	0.00%	\$0.7693	0.00%	\$0.7693	0.00%	\$4.24	0.00%
10/1/2003	(4) \$0.7200	8.58%	\$0.8500	10.49%	\$0.8500	10.49%	\$4.66	9.91%
10/1/2004	(5) \$0.7200	0.00%	\$0.8500	0.00%	\$0.8500	0.00%	\$4.66	0.00%
10/1/2005	(6) \$0.7200	0.00%	\$0.8500	0.00%	\$0.8500	0.00%	\$4.66	0.00%
01/01/2006	(7) \$1.0200	41.67%	\$1.1900	40.00%	\$1.1900	40.00%	\$0.00	-100.00%

- (1) Implementation of rate increase for fiscal year 1997-1998
 (2) No rate increase for fiscal year 1998-1999 through fiscal year 2002-2003
 (3) North Miami and North Miami Beach's water rate decreased in FY 2000-2001
 (4) Implementation of rate increase for fiscal year 2003-2004
 (5) No rate increase for fiscal year 2004-2005
 (6) No rate increase for first quarter of fiscal year 2005-2006
 (7) Rate increase effective January 1, 2006, approved at the 2nd BCC budget hearing on September 22, 2005 (additional FY 2005-2006 rate revision is pending BCC approval).

ADDITIONAL INFORMATION

<u>Item#</u>	<u>Subject Matter</u>	<u>Comments/Questions</u>
2(N)	Third Amended and Restated Lease Agreement between MDC and Stericycle, Inc.	<p>SUMMARY OF LAND LEASE AMENDMENTS:</p> <p>(1st) 1986, Moved site from 87th Ave. right-of-way.</p> <p>(2nd) 1995, An additional 14,608 sq. ft. of property added to land lease agreement.</p> <p>(3rd) 2006, Proposed Resolution to extend lease for 6 years, with three 2-year mutual options to renew on the same terms.</p> <p>According to staff, the County owns and operates the incinerator located at Jackson Memorial Hospital. Whereas the subject property of the proposed Resolution is County owned but the facility is privately owned and operated.</p> <p>Other than the subject property, Miami Dade County does not lease land utilized for bio-hazardous waste disposal.</p>
3E	Develop Plan for establishing Electrical Grids along Roadways	<ul style="list-style-type: none">• This resolution urges the Florida Legislature, Florida Public Service Commission and FPL to develop a plan for establishing electrical grids along major roadways where a concentration of good and services exists so that these grids can be reinstated for restoration to assist the community in recovery efforts.• On October 24, 2005, Hurricane Wilma left 90% of Miami-Dade County residents and businesses without electrical power making it very challenging for government to initiate in recovery.• FPL already has grids prioritized for service restoration for police stations, fire stations and hospitals.• On January 30, 2006 FPL presented to the Florida Public Service Commission its Storm Secure Plan, a five-point program to substantially strengthen the company's electric grid against future hurricanes• The five-point plan includes: <u>hardening electrical network</u> (wind velocity criteria sustaining up to 150 mph), <u>investing in</u>

INLUC

February 14, 2006

		<u>underground conversions, pole inspections, line clearing/vegetation management and post hurricane repairs/targeted facility upgrades.</u> <ul style="list-style-type: none">• See news release attachment.
--	--	---

January 30, 2006

FPL announces Storm Secure, a five-point program to strengthen the electric grid

JUNO BEACH, Fla. – Florida Power & Light today presented to the Florida Public Service Commission its Storm Secure Plan, a five-point program to substantially strengthen the company's electric grid against future hurricanes.

Since the end of last year's hurricane season, FPL has been working on initiatives to bolster its electric network, especially in light of forecasts for continued heightened hurricane activity.

"Just as Florida's weather is changing, so are we. We are not going to get there overnight, but we are committed to getting better, every single day," said FPL President Armando Olivera. "Our customers have gone through two horrible years of storms, and we understand their frustration and dissatisfaction. We can't prevent hurricanes. Nor can we prevent all the damage that comes with them. But there are additional steps that we can take to prepare for these hurricanes, to reduce the number of storm-related outages, and to restore service quickly. Our Storm Secure plan does just that."

"After much discussion with local leaders, legislators, regulators and other state leaders, we have developed a five-point plan to strengthen our electrical system. These are near-term and long-term commitments, and working together, we will make a difference in better serving our communities," said Olivera.

Following are highlights of FPL's five-point Storm Secure Plan:

- **Hardening the Electric Network** – FPL's network today meets or exceeds all required safety standards prescribed by the National Electrical Safety Code (NESC). Going forward, FPL will adopt NESC extreme wind velocity zone criteria as its new standard for all new distribution construction and system upgrades (up to 150 mph in certain areas). FPL's conversion to these higher standards will take years to complete. Priority will be given to distribution feeders or main lines serving critical infrastructure facilities and major thoroughfares where businesses that provide basic necessities such as fuel and food are located. Most of FPL's transmission facilities as well as its substations already comply with extreme wind velocity criteria, but those that do not will also be upgraded over time.

The company is also working with independent consultant KEMA to develop a ten-year comprehensive plan for all infrastructure hardening projects. FPL expects to complete this comprehensive road map to improving long-term resiliency of the electric network later this year.

- **Investing in Underground Conversions** – FPL is committed to increasing its underground facilities. More than 37 percent of its current system is already underground. FPL will further its commitment by offering to invest 25 percent of the cost of converting overhead lines to underground for local government-sponsored conversions. By this action FPL is encouraging local governments to take the necessary steps to invest in conversion.

In addition, FPL will enhance existing efforts with local governments to strongly encourage ordinances requiring developers to provide underground electrical service for all new subdivisions, developments and projects. Furthermore, FPL will support legislation that would require similar action statewide. The company will also support efforts by municipalities to obtain federal or state funding to assist in underground conversions.

- **Pole Inspections** - FPL currently uses a three-pronged approach to its inspection of wood poles. The company will modify its pole inspection, record-keeping and reporting so that its more than 1 million wood poles are inspected on a ten-year cycle. FPL's proposal is consistent with the PSC staff recommendation issued last week.
- **Line Clearing/Vegetation Management** – FPL is increasing its line-clearing activities by 27 percent in 2006. Each year, the company expects to complete 75 percent of its planned feeder line clearing by July 31. Power lines serving critical infrastructure facilities will be cleared every year by May 31, prior to the start of the hurricane season.

No level of hardening an infrastructure or aggressive line clearing programs will address all trees that are bound to cause trouble during a hurricane. Most trees and other vegetation on private property that pose a threat during a hurricane throughout FPL's service territory are beyond the company's control. For this reason, FPL will continue to promote its "Right Tree, Right Place" program and strongly emphasize that customers select the right kind of trees to plant in backyards and that they plant them away from power lines.

- **Post-hurricane repairs and targeted facility upgrades** - FPL customers need to be assured that the damage to FPL's electric grid due to the catastrophic 2005 storm season has been fully repaired before we enter the next hurricane season. The company is committed to doing just that. FPL will continue its post-hurricane follow-up work to repair or replace distribution, transmission and substation facilities that were damaged. Additionally, certain near-term work is being performed to strengthen targeted facilities prior to the onset of the 2006 hurricane season.

FPL's adoption of the NESC extreme wind-loading criteria for distribution facilities will be the first for an electric utility operating in the United States. This will, undoubtedly, have profound long-term benefits to all FPL's customers and the communities it serves.

"We are confident that our Storm Secure Plan will make our system more resilient to hurricanes and result in fewer outages during severe weather events," said Olivera. "When outages do occur, service will be restored faster. We will be building a stronger and more reliable electrical infrastructure for the future."

Florida Power & Light Company is the principal subsidiary of FPL Group, Inc. (NYSE: FPL), nationally known as a high quality, efficient and customer -driven organization focused on energy-related products and services. With annual revenues of more than \$10 billion and a growing presence in 26 states, FPL Group is widely recognized as one of the country's premier power companies. Florida Power & Light Company serves 4.3 million customer accounts in Florida . FPL Energy, LLC, FPL Group's wholesale electricity generating subsidiary, is a leader in producing electricity from clean and renewable fuels. Additional information is available on the Internet at www.FPL.com, www.FPLGroup.com and www.FPLEnergy.com.